

MASSACHUSETTS QUASI-PUBLIC CORPORATION PLANNING COUNCIL

Annual Report Fiscal Year 2009

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PURPOSE

The Annual Report is a requirement stipulated in M.G.L. Chapter 23A, Section 56, enacted in 1993 to ensure regular communication and coordination between quasi-public corporations and public purpose agencies.

Data was collected to analyze the types of financing provided (working capital, debt, equity investment and real estate); business creation and enhancement; job creation and retention, and other financial or technical assistance program activity by geographic region.

EXECUTIVE SUMMARY

This section summarizes key findings the Annual Report that documents activities of various quasi-public corporations for Fiscal Year 2009 (July 1, 2008 to June 30, 2009). The report seeks to identify economic impact relative to projects and financing activities undertaken by these agencies. More specifically the report intends to afford EOHED an opportunity to evaluate how quasi-public agencies address their statutory missions, deploy the Commonwealth's resources and measure effectiveness, as well as identify redundancies in their services or constituencies. These findings are based on initial submissions received from several of the agencies comprising the most recently amended Section 16 of Chapter 123 of the Acts of 2006 Massachusetts Quasi-Public Corporation Planning Council (MQCPC). This report also includes information on recently created Quasi Public Agencies, The Massachusetts Clean Energy Center and the Massachusetts Life Sciences Center.

The report is organized in two sections; the first detailing Quasi-Public Financing Agencies, and the second detailing public and State and Quasi Public Economic Development Agencies.

The agencies identified in this report have provided a total of \$4,458,422,319 creating 25,832 jobs. *

The nine quasi public financing agencies along with the Economic Development Incentive Program and the Massachusetts Opportunity Relocation and Expansion (MORE) Jobs Capital Program have created 13,526.

^{*}The total numbers represent agencies who provide financing to private businesses along with agencies to assist in job creation through technical assistance and referral services.

Financing Agencies

In Fiscal Year 2009 these agencies provided \$4,365,222,309 in financings to 904 projects creating 10,280 jobs.

The nine Quasi-Public Financing Agencies identified in this report provide a combination of direct lending, bond financing, loan guarantees, and grant programs to the Commonwealth's public and private sector. Agencies have separate missions and specialized service areas working toward stimulating and spurring economic development in Massachusetts.

BDC Capital (BDC)*

Mission: Provide loans and investment capital to growing companies in New England.

\$84,682,873 in financing

\$84,682,873 in financing Funded 251 projects Creating 70 jobs Retaining 718 jobs

Economic Stabilization Trust (EST)

Mission: Financing to value added businesses/manufacturing. \$10,305,000 in loans Funding 27 projects Creating45 jobs

<u>Massachusetts Clean Energy Center</u> (CEC)

Mission: Accelerate Massachusetts' clean energy economy by building a sustainable community of clean energy partners. \$1,173,347 in loans and grants Funding 3 projects

Massachusetts Community Development Finance Corporation (CDFC)

Mission: Focus on financing of small businesses located in low income/blighted areas.

\$3,598,200 in loan volume Funded 16 projects/businesses Creating 644 new jobs

Massachusetts Development Finance

Agency

Mission: Lender and Developer to public and private sector. \$959,939,171 in loans and bonds Creating 4,980 Funding 201 projects

Massachusetts Health and Educational Facilities Authority (HEFA)

Mission: Tax-Exempt Debt to non-profits \$3,215,980,259 in total financing Funding 63 projects Creating 3,678 jobs

<u>Massachusetts Life Science Center</u> (MLSC)

Mission: Investing in life sciences research and economic development. \$57,567,123 in loans and grants Funding 14 projects Creating 615 jobs

Massachusetts Technology Collaborative (MTC)

Mission: Economic Development for emerging technologies. \$40,800,000 in total financing Funding 288 projects Assisting 239 businesses

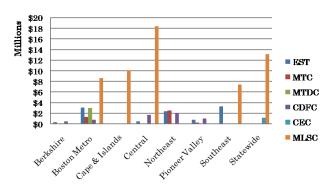
<u>Massachusetts Technology</u> <u>Development Corporation (MTDC)</u>

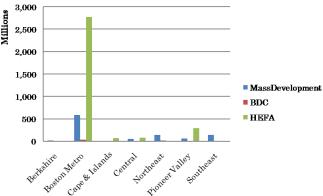
Mission: Provides venture capital for technology companies.
\$3,061,373 in Debt or Equity Investments Funding 11 projects
Creating 248 jobs

^{*}BDC is a private financial services company that manages three state funded programs.

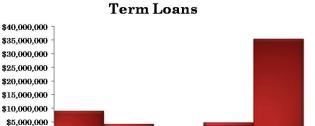
Highlights: Financing Agencies

In FY09, the nine financing agencies provided \$4,365,222,309 in debt and equity financing as well as grants.

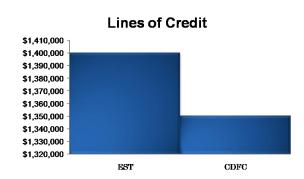




Debt Financing



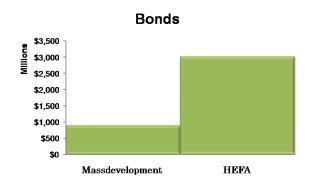
Five of the nine Quasi Public Financing Agencies provided \$53,857,896 in term loans to businesses. These loans include working capital, and equipment financing.



Two agencies, CDFC and EST, provided a total of \$2,750,000 in lines of credit to mostly small businesses to assist in their business operations, specifically managing accounts receivables and inventory.

Highlights: Financing Agencies

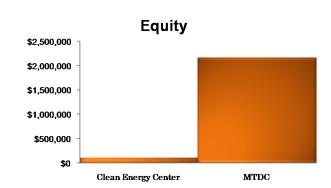
Debt Financing



MassDevelopment and HEFA provided a total of \$3,900,819,097 in bond financing. These bonds have financed non profits, municipalities health and educational facilities.

Equity Financing

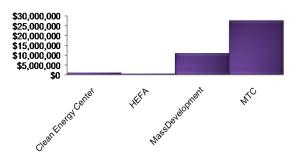
Two agencies, MTDC and CEC, have invested \$2,260,232 in 8 companies. This type of venture funding is particularly meaningful for firms looking for early stage financing many of which are in the start-up phase.



Grants and Technical Assistance

Four Quasis, CEC, HEFA, MassDevelopment, and MTC provided \$39,816,597 in grant monies and technical assistance was delivered by these agencies. Programs range from assisting the industry cluster development to preserving cultural facilities to assisting the development of health centers.

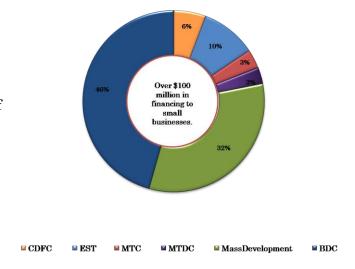
Grants & Technical Assistance



Highlights: Financing Agencies

Supporting Small Business

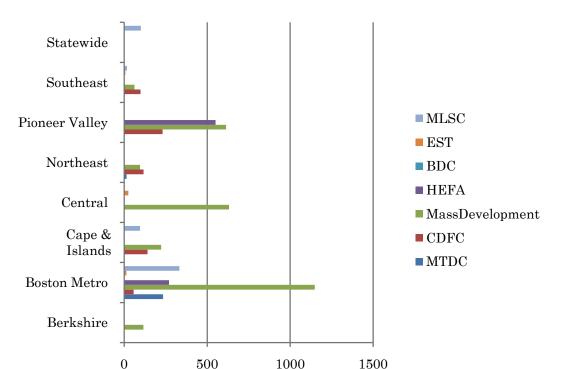
Financing agencies have provided \$104,020,798 to small businesses in Fiscal Year 2009. Supporting small business access to capital is a mission of several of the agencies which provide products in gap financing, equity and working capital.



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Job Creation

In Fiscal Year 2009 these seven agencies' resources helped create 10,280 jobs.



Economic Development Agencies

In Fiscal Year 2009 these agencies provided \$93,200,010 in financial resources to the private sector, helping to create 15,552 jobs and assisting 9,424 businesses and entrepreneurs.

Agencies identified in this report not only provide financing, but also are the deliverers of programs and resources to spur economic development. The following agencies provide grant programs, technical assistance, tax incentives, and government assistance for the purposes of job creation and business development.

Commonwealth Corporation

Mission: Adult & Youth employment & training. Awarding \$7,226,771

9,383 individuals trained

Executive Office of Housing & Economic Development

Mission: Programs to support business growth and job creation/retention in the Commonwealth. \$68,447,047

Massachusetts Office of Business

Development

Creating 2,193 jobs

Mission: Promoting job growth, retaining existing jobs, and stimulating private investment.

Assisted 114 businesses
Creating 6,310 jobs
Retaining 13,334 jobs
Securing \$883,779,786 in private investment

<u>Massachusetts Office of</u> <u>International Trade & Investment</u>

Mission: Expand the Massachusetts economy by marketing the state's business internationally. Securing \$1,378,050 for businesses Creating 153 jobs

<u>Massachusetts Office of Travel &</u> Tourism

Mission: Serves as a leader in the tourism industry, bringing together the public and private sectors to promote Massachusetts as a leisure destination.

Awarding \$ 8.5 million in grants

Small Business Development Centers Network (SBDC)

Mission: Technical assistance for small businesses.

\$221,821,863 in new loans, contracts, increased international sales as a result of the technical assistance
Training and consulting 9,147 businesses and entrepreneurs
192 businesses launched
Creating 6,869 jobs

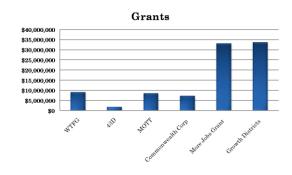
Workforce Training Grants

Mission: Provide grants to private
Massachusetts employers to upgrade the
skills of their current or newly hired
workers in order to increase their
competitiveness.

Awarding \$ 9,026,192 in grants financing 163 businesses.

Training18,143 employees and new hires

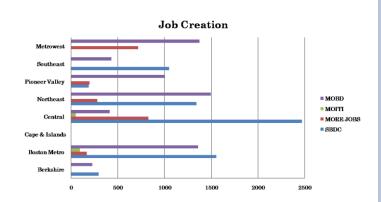
Highlights: Economic Development Agencies



\$93,170,010 in grant monies were awarded by these agencies.

Job Creation

In Fiscal Year 2009 the economic development agencies identified in this report creating 15,552 jobs.



Workforce Training



Two agencies trained 27,526 individuals including unemployed, new and existing employees.

QUASI- PUBLIC FINANCING AGENCIES

BDC CAPITAL

The Massachusetts Business Development Corporation (BDC) is the oldest continuing business development corporation in the United States. BDC is a private company in which many financial institutions in New England have pooled their money to share the risks of helping promising companies expand. Over the years, they have invested over \$4 billion in more than 5,000 companies in New England. BDC Capital provides financial assistance with loans, mezzanine and equity investments, guarantees and financial services to businesses of every type and description.

"Preferred" Small Business Administration (SBA) Lender

Its affiliate, New England Certified Development Corporation (New England Certified), is one of only 16 "Premier" 504 lenders nationwide. Both designations enable it to expedite significantly the processing of SBA loans for customers.

Brownfields Insurance

The Brownfields Redevelopment Access to Capital Program (BRAC) promotes the clean up and redevelopment of Brownfields sites throughout the Commonwealth of Massachusetts. Created in 1999, BRAC has resulted in more than \$4 billion of investment in the clean up of 347 environmentally contaminated sites.

Capital Access Program (CAP)

BDC administers a program created and capitalized by the Commonwealth 1993 that is designed to ease small business owner's access to capital by providing "cash collateral" guarantees to participating banks. Over the past 17 years, CAP has made 4,285 loans to community-based, small businesses across the Commonwealth.

Massachusetts Recycling Loan Fund

The Recycling Loan Fund was created to increase access to capital by providing direct loans to qualifying recycling businesses. The RLF, funded through the Massachusetts Executive Office of Environmental Affairs and the Department of Environmental Protection, is administered by BDC Capital.

Mezzanine Capital

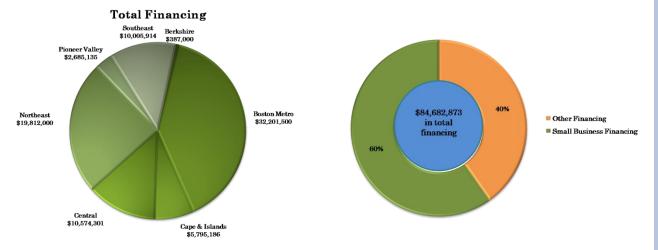
MB Capital, an affiliate of BDC Capital, invests mezzanine capital from \$750,000 to \$5 million in companies that require additional capital outside of conventional debt or equity financing channels. Investments are typically utilized where there are strong prospects for company growth, capital expansion, management transitions or acquisitions.

Term Loans

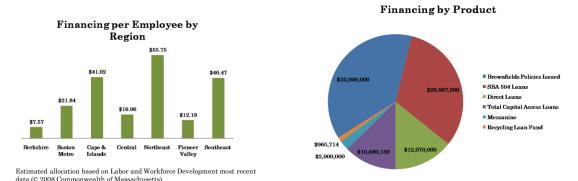
BDC Capital, a private company operating throughout Massachusetts, provides direct term loans to bridge the gap between financial needs and conventional bank financing. Loans ranging from \$500,000 to \$2.5 million may be either senior debt or secondary to a primary financing arrangement.

MASSACHUSETTS BUSINESS DEVELOPMENT CORPORATION

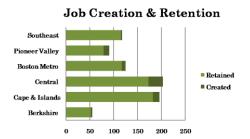
BDC conducted \$84,682,873 in loan volume, financing 251 projects, 60% of financing supported small business, the remaining 40% represents Brownfield Redevelopment projects.



BDC offered 6 products in FY09, 38% of financing was in the Brownsfield projects while 32% loans represented SBA 504 projects.



In FY09, BDC's Capital Access Loans help create and retain 718 jobs by providing 178 businesses with access to over \$10 million.



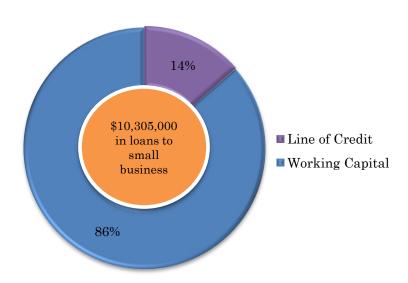
ECONOMIC STABILIZATION TRUST

Created by the Massachusetts legislature in 1984, the Trust is a quasi-public loan fund that seeks to promote economic activity and a stable, prosperous job climate in the Commonwealth. The Trust has provided working capital to over 370 companies impacted thousands of jobs, leveraged over \$474 million in private funding, and offered management assistance to many other Massachusetts companies since 1997.

The Trust lends working capital to small and medium-sized, value-added businesses in the Commonwealth of Massachusetts. By providing loans where traditional financing is not available or where credit is no longer extended, companies are able to implement restructuring plans to create a stable financial future for the company and its employees.

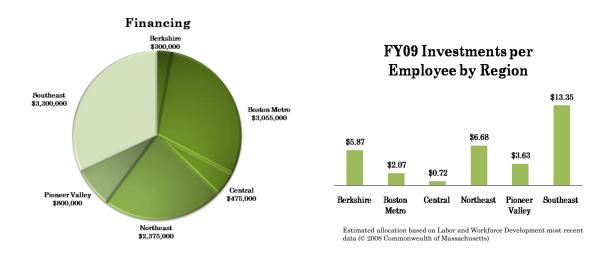
The Trust works with companies to evaluate business plans/opportunities and provide management assistance as well as capital. In the evaluation phase, an officer from The Trust will meet with management to learn about the company and the challenges it faces. In some instances, the Trust can participate with the company in hiring independent consultants to assist management in focusing on those challenges. The Trust is also a provider of capital, helping companies move onto firm financial footing, ensuring that Massachusetts jobs are not at risk.

The Trust offers Term Loans, Lines of Credit, and in some instances Guarantees for working capital financing.

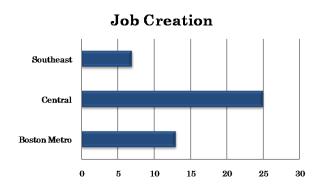


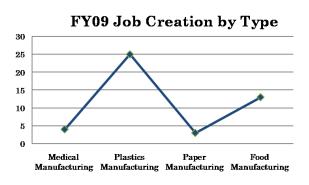
ECONOMIC STABILIZATION TRUST

In FY09, EST provided \$10.3 million in financing to 27 businesses to the Commonwealth.



In FY09, EST's financing assisted in the creation of 45 new jobs in the manufacturing industry statewide.





MASSACHUSETTS CLEAN ENERGY CENTER

The Massachusetts Clean Energy Center (MassCEC) was created by The Green Jobs Act of 2008 accelerates job growth and economic development in the state's clean energy industry. The CEC serves as a clearinghouse and support center for the clean energy sector, making direct investments in new and existing companies, providing assistance to enable companies to access capital and other vital resources for growth, and promoting training programs to build a strong clean energy workforce that capitalizes on the job opportunities created by a vital new industry.

Investments in Clean Technology

MassCEC makes direct investments in game-changing clean energy technologies.

These investments help high-potential clean energy companies establish themselves in Massachusetts, which in turn attracts and retains critical talent, as well as other clean energy companies that are essential to the growth of Massachusetts' clean energy cluster. Each company MassCEC invests in has the potential to create local jobs, foster clean energy careers, increase the state tax base, and provide graduates of the state's world class universities opportunities in the clean energy industry.

Clean Energy Sector Development

MassCEC's Clean Energy Sector Development team is building a strong and sustainable clean energy industry by providing research, strategies, market information, directories and support for events that foster collaboration and partnership in the Massachusetts clean energy ecosystem.

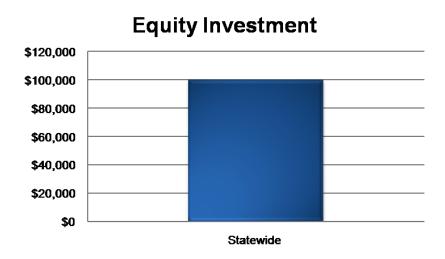
Workforce Development

A critical element to developing and supporting the clean energy industry in Massachusetts is providing training programs designed to meet the industry's needs for skilled workers. The Workforce Development Program supports education and training opportunities that align with the Commonwealth's energy goals and bolster economic growth, including:

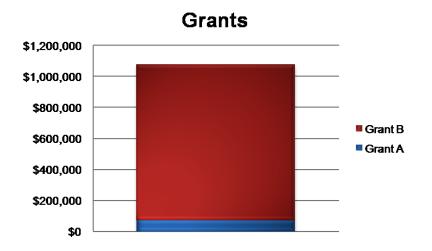
- Projects that facilitate collaboration with state and local workforce development programs;
- Programs that lead to pathways towards economic self-sufficiency for low- and moderate-income communities; and
- Programs that facilitate workforce development efforts that train and retain students and workers through institutes of higher education, vocational-technical high schools, and community based nonprofits.

MASSACHUSETTS CLEAN ENERGY CENTER

In FY09, the Clean Energy Center provided one investment of \$99,773 to a company that has statewide impact.



The Clean Energy Center awarded \$1.7milion in grants supporting two non-profit projects in clean energy development.



MASSACHUSETTS COMMUNITY DEVELOPMENT FINANCE CORPORATION

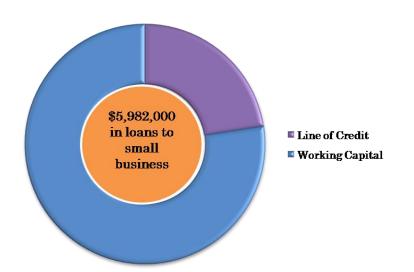
Massachusetts Community Development Finance Corporation is a quasi-public corporation authorized by the Massachusetts legislature in 1975, under the statute of Chapter 40F, as one of the nation's first state-level community economic development finance institutions.

CDFC concentrates on lending to small business throughout the Commonwealth to which private capital is not readily available with the purpose of creating or preserving jobs in low-income areas as defined by Chapter 40F.

In financing near bankable transactions CDFC's products fill the gap between the financial need of small businesses and the ability funding of private capital market. As reflected by it's loan programs, CDFC's involvement is temporary in nature and aimed to facilitate closing the financial gap.

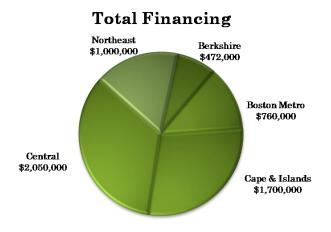
CDFC provides three products providing loans from \$100,000 to \$500,000.

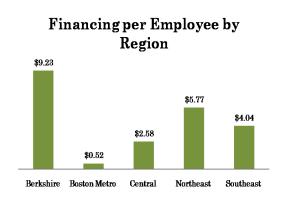
- •Revolving Line of Credit Purpose: Accounts receivable and inventory
- •Term Loans
 Purpose: Equipment purchase
 and working capital
- •Contractor Bond Guarantee & ARRA Contract Surety Bond Guarantee Program Purpose: Collateral to help a contractor get bonded for the first time or to take the next step up in job size



MASSACHUSETTS COMMUNITY DEVELOPMENT FINANCE CORPORATION

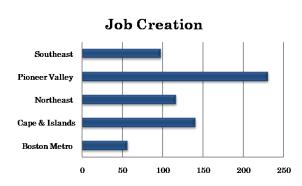
In FY09, CDFC provided \$5.9 million in financing to 16 businesses in the Commonwealth.

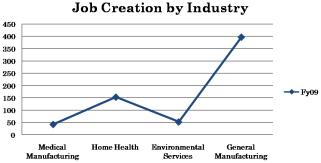




Estimated allocation based on Labor and Workforce Development most recent data (© 2008 Commonwealth of Massachusetts)

In FY09, CDFC's financing assisted in the creation of 644 new jobs statewide reflecting an increase of 75% in job creation from FY08.





MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

MassDevelopment is the state's finance and development authority. It was created in 1998 when the State Legislature enacted M.G.L. Chapter 23G and merged the Government Land Bank with the Massachusetts Industrial Finance Agency.

The agency serves as both a lender and developer, working with private and public sector clients to stimulate economic growth by eliminating blight, preparing key sites for development, creating jobs, and increasing the state's housing supply.

Lending

With more than \$34 million in FY 2009 deals, MassDevelopment loan products include permanent mortgage financing, development loans, construction loans, term loans, and loan guarantees. Special programs include the Manufacturing Innovation Loan Program, Community Service 501 c(3) Loan Fund, USDA Guarantee Program, Small Farm Loan Program, DOE Non-Governmental Lender Program, and Recovery Zone Facility Bond Program, and the Emerging Technology Fund.

Bond Financing

The agency has issued federally taxexempt and taxable bonds for real estate and equipment acquisition projects undertaken by non-profit organizations, governmental entities, elder care and affordable housing developers, manufacturers, and environmental enterprises. MassDevelopment also issues under the federal Recovery Zone Facility Bond Program.

Tax Credit Financing
Since 2004, the U.S. Department of the

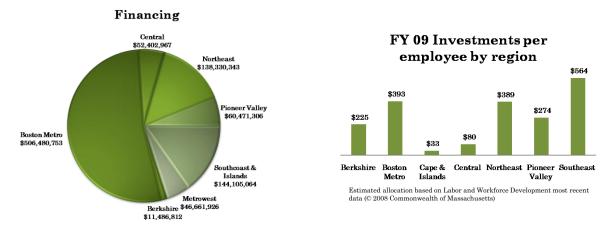
Treasury awarded MassDevelopment \$155 million in New Markets Tax Credits. This program stimulates economic development in low-income communities by attracting private capital in return for federal income tax credits.

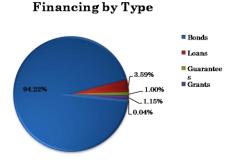
Brownfields Redevelopment Fund

MassDevelopment administers the Brownfields Redevelopment Fund, a state-funded Brownfields reclamation program. Created by the Legislature in 1998 and recapitalized in FY 2006, the Brownfields Redevelopment Fund has issued nearly 500 awards for projects in 100 eligible communities.

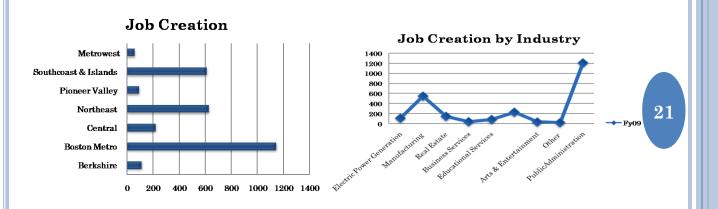
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

MassDevelopment provided nearly \$1 billion in bonds, loans, guarantees, and grants in FY09. Bond financing represented close to 90% of MassDevelopments deals.





As a result of these investments MassDevelopment is supporting the creation of 4,980 jobs. 42% of which are construction related.



MASSACHUSETTS HEALTH & EDUCATIONAL FACILITIES AUTHORITY

The Massachusetts Health and Educational Facilities Authority (HEFA) is the premiere source of tax-free bonds to community nonprofits, large and small, in the Commonwealth of Massachusetts. Last year, HEFA financed 63 projects for hospitals, colleges and other nonprofit institutions across the state totaling more than \$3.2 billion.

HEFA's mission is to provide the nonprofit institutions which serve the citizens of the Commonwealth with the financing they need to deliver healthcare, educate college students and serve individuals in need. HEFA is completely self-funded and receives no taxpayer assistance.

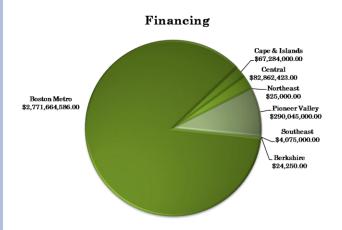
In addition, PowerOptions®, the energy buying consortium created by HEFA, brings bottom-line savings to nonprofits by lowering their energy costs. The PowerOptions® program now has more than 500 members ranging from small, community-based nonprofits to colleges, hospitals, housing authorizes and cities and towns. It has saved its members millions of dollars, money that is reinvested in communities, employees and local economies. PowerOptions® is one of the largest consortiums of its kind and collectively purchases \$220 million of energy annually.

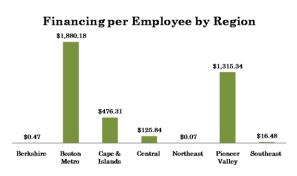
During Fiscal Year 2009, HEFA executed bond issues, pool loans and leases with colleges and universities totaling \$2,285,516,000; Hospitals and health systems worked with HEFA on \$917,703,651 in various bond issues. leases, and private placements, as well as received \$33 million in New Markets Tax Credits allocation from HEFA; HEFA executed projects totaling \$12,285,000 for human service providers. Additionally, HEFA's popular grant program for community health centers provided a total of \$475,608 for a variety of purchases, equipment and facilities upgrades and other projects at deserving health centers throughout the state.

HEFA has programs for tax-exempt financing include bond issues, pool loans, and capital lease programs, providing a range of borrowing options for Massachusetts nonprofits. HEFA also operates a grant program and New Markets Tax Credit program.

MASSACHUSETTS HEALTH & EDUCATIONAL FACILITIES AUTHORITY

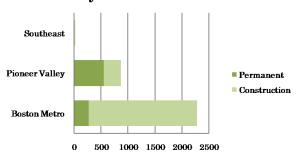
In FY09 , HEFA provided \$3.2 billion in financing to 63 projects. This financing helped to create 3,166 jobs, 74% of which were construction jobs



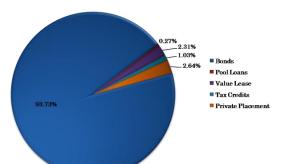


Estimated allocation based on Labor and Workforce Development most recent data (© 2008 Commonwealth of Massachusetts)

Fy09 Job Creation



Financing Type



HEFA conducted over \$3 billion in bond financing in FY09, representing nearly 94% of their total financing.

MASSACHUSETTS LIFE SCIENCES CENTER

The Massachusetts Life Sciences Center (MLSC) is a quasi-public agency of the Commonwealth of Massachusetts, created by the Massachusetts legislature in June 2006. The MLSC is closely affiliated with the Executive Office of Housing and Economic Development but is not subject to its direct supervision or control.

The MLSC was established to promote the life sciences within the Commonwealth of Massachusetts. It is tasked with investing in life sciences research and economic development.

This work includes making financial investments in public and private institutions growing life sciences research, development and commercialization as well as building ties between sectors of the Massachusetts life sciences community.

Cooperative Research Grant Program

This program is designed to fund research at public and private universities and colleges and affiliated research institutions such as academic medical centers and independent research entities in Massachusetts. The program aims to foster and grow the scientific research enterprise of the Commonwealth.

Corporate Consortium Program MLSC has developed a Corporate Consortium Program for corporate and investment partners to contribute matching funds for MLSC's activities.

The program will provide capital, support, and enhanced commercial validation to emerging life science companies in Massachusetts.

Life Sciences Accelerator Program: The Massachusetts Life Sciences Center is pleased to announce the launch of its 2010 Accelerator Loan Program. This program reflects the Center's ongoing commitment to supporting early-stage life sciences companies that will grow employment opportunities and stimulate innovation across the Commonwealth. The Center is targeting a 2010 investment of \$5.5 million for this program, with \$3.5 million allocated to a first round that will open immediately, and the balance allocated to a second round in the fall.

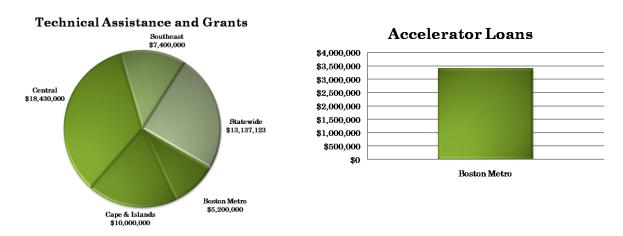
The primary objective of the Accelerator Loan Program is to provide working capital to early stage life sciences companies that still are in the process of further developing their science/technology and have not yet raised more than \$5 million in equity financing.

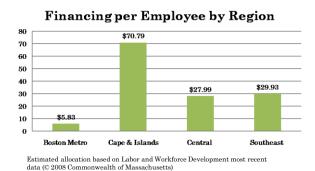
Accelerator Program loans are capped at \$750,000 per company. Target applicants generally are early-stage life sciences companies with a high potential for technology commercialization, rapid growth, and private equity financing. The Accelerator Program is designed to help sustain these companies through a critical stage of development and financing.

Life Science Internship Challenge
The MLSC provides a web-based
interface where students can apply for an
internship and prospective host
companies can match skills with their
needs. Companies are responsible for
reviewing resumes, contacting,
interviewing, and hiring candidates. The
Center reimburses companies with 100 or
less employees for selected students at up
to \$15 per hour for up to 12 weeks.

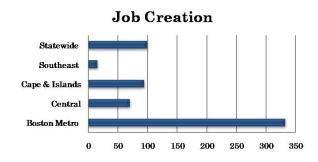
MASSACHUSETTS LIFE SCIENCES CENTER

MLSC provided \$54,167,123 in grants to educational institutions and municipalities as well as supporting the MLSC Internship Grant Program. Additionally, MLSC awarded \$3.4 million grants for first round of the Accelerator Loan Program funding 7 early-stage companies.





In FY09, MLSC programs assisted in the creation of 544 jobs.



MASSACHUSETTS TECHNOLOGY COLLABORATIVE

The Massachusetts Technology Collaborative (MTC) is a public economic development agency that promotes new economic opportunities and fosters a more favorable environment for the formation, retention, and expansion of technologyrelated enterprises in Massachusetts.

MTC is advancing economic development in key areas such as life sciences, health care technology, information technology, nanotechnology, broadband deployment, and marine sciences. With a long history of managing complex projects, MTC has successfully invested close to \$500 million in public funding by providing grants, loans and other financial assistance to thousands of projects across the state during the past 27 years.

Through its major divisions—the John Adams Innovation Institute, the Massachusetts e-Health Institute, and the Massachusetts Broadband Institute—MTC is stimulating economic activity in every corner of the Commonwealth. MTC is working closely with Governor Deval Patrick's Administration, supporting international economic development activities to maximize opportunities for Massachusetts.

John Adams Innovation Institute

The Innovation Institute, a division of MTC, is the Commonwealth's leading science, technology, and innovation policy agent—fostering the vitality and capacity for self-renewal of the Massachusetts Innovation Economy through working closely with *academics*, *industry* practitioners, and government officials. Bringing together Massachusetts CEOs and VCs to work together to launch the next generation of entrepreneurs, the new 12x12 initiative reinforces the innovation

ecosystem in Massachusetts – and the region's growing recognition as a global tech hub.

Targeted investments by the Innovation Institute support key industry clusters in the Commonwealth's knowledge economy. The Innovation Institute also supports rigorous collaborative interdisciplinary research and development partnerships at Massachusetts universities.

Life Sciences Collaborative

The Massachusetts Life Sciences
Collaborative brings together life sciences
leaders in academia, industry, and
government to create a cross-sector
collaboration to advance the growth and
vitality of the life sciences super cluster in
Massachusetts. The life sciences super
cluster includes the Commonwealth's
world-class universities, teaching
hospitals and research institutions, as
well as biotechnology, medical device, and
pharmaceutical companies and the many
software, venture capital, plastics, and IT
companies who contribute to the
expansion of the cluster.

E-Health

MTC is working to speed adoption of technologies that save lives and reduce costs in healthcare. It's work has brought together policymakers, healthcare experts, physicians, and business leaders to break down barriers to widespread integration of advanced technologies.

MASSACHUSETTS TECHNOLOGY COLLABORATIVE

Building on this momentum, Governor Deval Patrick and leaders in the Massachusetts Legislature created the Massachusetts e-Health Institute (MeHI) through the passage of Chapter 305 of the Acts of 2008, with a critical mission to improve quality and reduce costs in health care for citizens of the Commonwealth. The Massachusetts e-Health Institute is aggressively promoting cost containment, transparency, and efficiency in the delivery of quality health care through the deployment of electronic health record systems in all health care provider settings in Massachusetts.

As the Regional Extension Center for the state, MeHI is responsible for offering technical assistance, guidance and information to help providers implement electronic health records and achieve meaningful use. MeHI is leveraging the existing expertise in the healthcare industry working with established leaders and implementing organizations. In February 2010, MeHI was awarded a \$14 million federal grant to support the implementation of electronic health records for approximately 2,500 providers and an additional \$10.6 million to support the development of a secure, statewide health information exchange.

Massachusetts Broadband Institute

Governor Patrick signed the landmark Broadband Act, which created the Massachusetts Broadband Institute (MBI) as a division of MTC. The MBI is making strategic and targeted public investments with the goal of expanding broadband access to all unserved and underserved communities by August 2011. The MBI is investing public funds (up to \$40 million of state bond funding) into essential, long-lived

broadband infrastructure assets, such as fiber and wireless towers, thereby lowering the overall cost of deployment for private providers.

In March 2010, the MBI submitted an application for \$45.4 million in federal stimulus funding under Round Two of the U.S. Department of Commerce's Broadband Technology Opportunities Program.

Through the leadership of the Patrick-Murray Administration and the Massachusetts Legislature, the Commonwealth is providing \$26.2 million in matching funds to bring the total potential investment in the project to \$71.6 million.

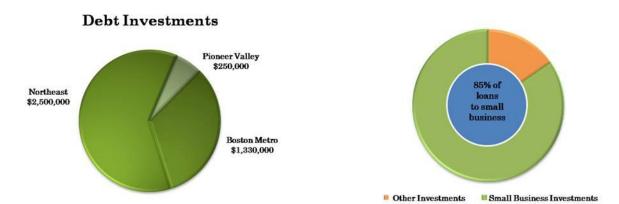
The application—named MassBroadband 123—will create a robust fiber-optic network that connects 123 communities in the western part of the state. MassBroadband 123 will build an essential foundation for connecting residents, new economic opportunities, improving education and healthcare, and strengthening public safety.

International Activities

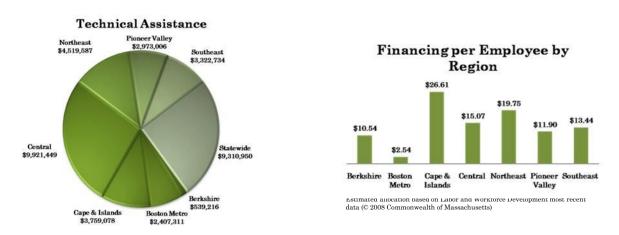
The Patrick Administration has prioritized the state's international trade and investment operations, which include a successful trade and business development mission to China. MTC is working with the Massachusetts Office of International Trade and Investment (MOITI), under the Executive Office of Housing and Economic Development, to develop a plan for working within existing budgets to maximize exports, galvanize international business partnerships, and increase foreign direct investment.

MASSACHUSETTS TECHNOLOGY COLLABORATIVE

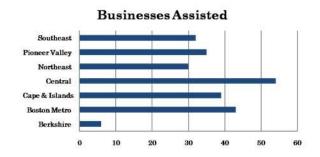
MTC provided over \$4 million in loans to emerging technology businesses, 85% of debt investments were made to small business.



MTDC provided over \$36 million in grants and technical assistance to municipalities, and educational institutions.



MTC assisted 239 businesses through their programs.



MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION

The Massachusetts Technology Development Corporation (MTDC) is a state-sponsored venture capital company focusing on companies seeking small amounts of venture capital, in the range of \$1 million to \$3 million.

Established by the Massachusetts Legislature in 1978, MTDC was created to address the capital gap for start-up companies and to encourage the growth of early-stage technology firms in Massachusetts. Since 1988, MTDC has been entirely self-supporting.

The venture capital market has grown so large that the increases in the size of venture funds have led many firms to make ever-larger investments. As a result, it remains difficult to obtain small amounts of early-stage capital. The problem is compounded for start-up technology companies whose founders may have little experience in running businesses. It is this capital gap that MTDC addresses.

Throughout its existence, MTDC has pursued four basic objectives:

- to help create jobs in technology-based industries in Massachusetts;
- to attract and leverage private investment in Massachusetts companies;
- to foster the application of technological innovations where Massachusetts companies are, or can be, leaders; and
- to nurture entrepreneurship among Massachusetts citizens.

MTDC also differs from private venture capital firms in that it is more willing to invest in an entrepreneur who has yet to establish a proven track record. Approximately 80 percent of MTDC's investments are made in start-up companies.

MTDC seeks to make all of its investments on a co-venture basis with private sector interests, including venture capital firms, banks, limited partnerships, and individual and corporate investors. Investments can range up to \$500,000, but typically, MTDC provides \$300,000 to \$500,000 of a \$1 million to \$3 million investment. Private co-investors provide the balance. Investments are generally made as equity investments. MTDC's staff negotiates the exact terms of the investment with each company.

MTDC's current portfolio of companies includes firms in the following industries:

- Computer software and services
- Computer equipment and peripherals
- Industrial automation systems and equipment
- Biomedical instruments and devices
- Telecommunications and data communications
- Material science and environmental management
- Internet- related businesses

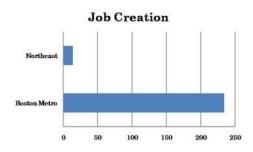
Management Assistance Program In addition to its investment program, MTDC also provides management assistance to entrepreneurs. Through this program, MTDC staff reviews an entrepreneur's business plan, advises the client as to the most feasible options for raising capital from both public and private sources, and helps the company locate sources of financing. MTDC provides management assistance services to approximately 40 to 60 companies annually. Assistance is not limited to companies in which MTDC invests. However, the management assistance program is used to identify potential MTDC clients.

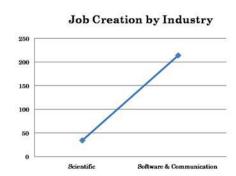
MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION

MTDC provided over \$3 million in debt and equity investments to businesses.

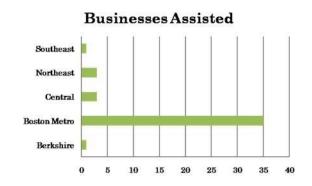


MTDC's investments helped to create 234 new jobs in FY09 ,with 86% of those jobs in the IT Industry.





43 Companies were assisted through MTDC's Management Assistance Program.



ECONOMIC DEVELOPMENT AGENCIES

COMMONWEALTH CORPORATION

Commonwealth Corporation is a quasipublic workforce development agency under the umbrella of the Executive Office of Labor and Workforce Development. The organization's mission is to build upward mobility pathways for youth and adults to prepare for high demand occupations in the Massachusetts' economy, in concert with state and local partners.

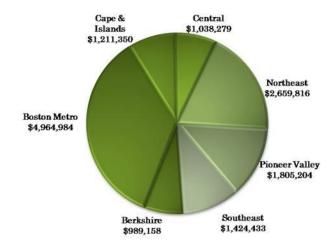
Commonwealth Corporation works in three primary areas: building pathways to educational credentials and careers for youth who are at-risk; creating partnerships among employers, education and workforce entities to prepare adults for new or better jobs in high demand fields; and action-oriented labor market research and evaluation. The initiative highlighted in the Quasi-Public report from Commonwealth Corporation is the Workforce Competitiveness Trust Fund, which was created by the MA Legislature in the Economic Stimulus Package of 2006. The purpose of the Workforce Competitiveness Trust Fund is to prepare Massachusetts residents for new jobs in high demand occupations or to upgrade the skills of incumbent workers to ensure that workers and their employers remain competitive in a rapidly changing technological and global economy.

The WCTF was initially capitalized at \$18 million. During Fiscal Year 2009, \$344,345 was awarded to 7 sector projects. In Fiscal Year 2008, \$7,226,771 was awarded to 15 sector projects across the Commonwealth. In Fiscal Year 2007, \$6,522,108 was awarded to 15 three-year projects that were in operation in Fiscal Year 2008.

COMMONWEALTH CORPORATION

The Commonwealth Corporation has awarded over \$14 million in grants to enhance worker skills increase business competiveness and improve employment and skills for the unemployed.

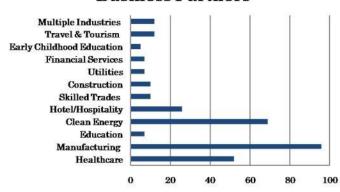
This program has been matched by a private sector match of \$14.6 million.



Southeast Pioneer Valley Northeast Central Cape & Islands Boston Metro Berkshire 0 500 1000 1500 2000 2500 3000

9,328 workers have been served or will be served by these grants.

Business Partners



The WCTF works with 313 businesses ,30% of whom represent the manufacturing industry.

EXECUTIVE OFFICE OF HOUSING & ECONOMIC DEVELOPMENT

Massachusetts Opportunity Relocation and Expansion (MORE) Jobs Capital Program

The Massachusetts Opportunity Relocation and Expansion (MORE) Jobs Capital Program provides grant funding for public infrastructure improvements needed to support business expansion in the Commonwealth of Massachusetts.

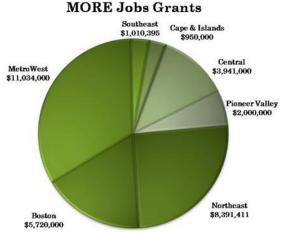
The program stimulates job creation and economic growth across the state by providing the public infrastructure development companies need. MORE was established in an economic stimulus bill and signed into law on June 24, 2006.

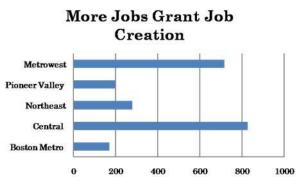
Grants must be used for publicly owned infrastructure including, but not limited to: sewers, utility extensions, streets, roads, curb-cuts, parking facilities, and water treatment systems. In order to be eligible for a grant, the eligible economic development project must:

Result in the creation of a net increase of at least 100 new permanent full-time jobs in Massachusetts within 24 months upon receipt of grant, maintain the newly created jobs for at least 5 years, and generate substantial sales from outside the Commonwealth.

Alternatively, the eligible economic development project must provide an exceptional economic benefit to the public.

Over \$33 million was provided for infrastructure projects, assisting in the creation of 2,193 jobs.





EXECUTIVE OFFICE OF HOUSING & ECONOMIC DEVELOPMENT

Massachusetts Permit & Regulatory Office

The Massachusetts Permit Regulatory Office was established in 2006 to work with new and existing businesses to help foster job creation efforts by assisting with permitting, licensing, and regulatory processes. The Director of the Office serves as the state permitting ombudsman to municipalities and businesses, and Chair of the Interagency Permitting Board, which administers the Chapter 43D Expedited Permitting Program. The Office works in partnership with MassDevelopment, Regional Planning Agencies, and the Massachusetts Alliance for Economic Development to accomplish its core mission.

The mission of the Office is:
1) To provide direct assistance to proponents of development projects with respect to state and local permitting, licensing and regulatory matters;

- 2) To work with municipalities on efforts to streamline local permitting processes through the Chapter 43D Expedited Permitting Program and other means; and
- 3) To work with state regulatory agencies on efforts to streamline state permitting processes.

Growth Districts Initiative

EOHED will partner with municipalities that have identified one or more areas within their communities as being appropriate locations for significant new growth, whether commercial, residential or mixed-use. Within those identified "growth districts," EOHED will work with the community and property owners to make the district truly "development ready" with respect to local permitting, state permitting, site preparation (including brownfields remediation), infrastructure improvements, and marketing. The objective will be to create a level of "development readiness" within each of these growth districts comparable to that now available at Devens, a location proven to be highly attractive to new development and to be truly competitive at a national and international level.

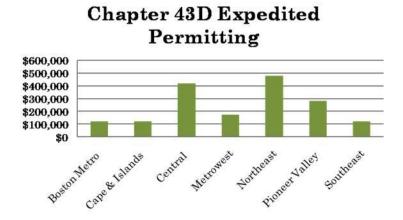
Chapter 43D Expedited Permitting

The Chapter 43D program enables cities and towns to identify Priority Development Sites, pre-zoned for industrial, commercial or mixed use development, within which the municipality will render all local permitting decisions in 180 days or less. The Interagency Permitting Board has approved one or more Priority Development Sites in 79 municipalities and 157 Priority Development Sites statewide.

EXECUTIVE OFFICE OF HOUSING & ECONOMIC DEVELOPMENT

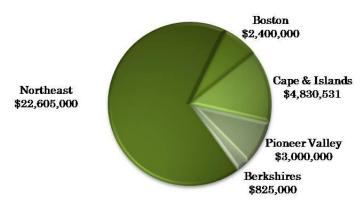
Massachusetts Permit & Regulatory Office

MPRO provided \$1,769,710 in grants to 62 projects for the Expedited Permitting Program.



Over \$33 million was provided in financing to projects located in "Growth Districts."

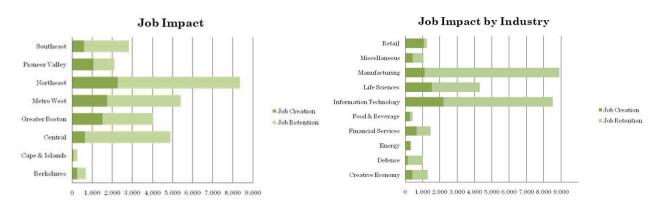
Growth Districts Initative



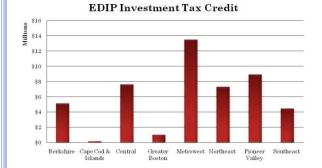
MASSACHUSETTS OFFICE OF BUSINESS DEVELOPMENT

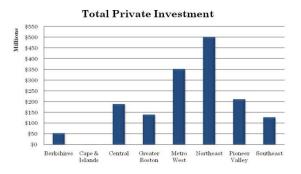
The Massachusetts Office of Business Development (MOBD) works to promote job growth, retain existing jobs, and stimulate private investment within the Commonwealth of Massachusetts. MOBD serves as a single point of contact to facilitate simplified, timely access to governmental and non-governmental resources and incentive programs that help businesses thrive in Massachusetts. By providing guidance and industry expertise across a diverse array of industry clusters, MOBD serves to create a dynamic environment for business expansion and growth.

MOBD assisted in the creation of 8,100 new jobs and retention of 20,460 jobs.



In FY09, MOBD awarded over \$28 million in investment tax credits through its Economic Development Incentive Program. Projects that were served by MOBD yielded over \$1.6 billion in private investment.





Cape & Islands generated \$244,839 in private investment. Value not depicted in graph.

MASSACHUSETTS OFFICE OF INTERNATIONAL TRADE &INVESTMENT

The Massachusetts Office of International Trade of Investment (MOITI) through its contract with The Massachusetts
International Trade Council, Inc. (MITCI) is an IRC 501(c)(3), MA Chapter 180, non-profit corporation, to provide services to expand the Massachusetts economy by marketing the state's business internationally, through focused export promotion, attracting foreign companies to invest in Massachusetts and handling protocol as it relates to trade and investment.

The Massachusetts Office of International Trade & Investment (MOITI) works to expand the Massachusetts economy by marketing the state's business internationally, through focused export promotion, attracting foreign companies to invest in Massachusetts and handling protocol as it relates to trade and investment.

Export Promotion

MITCI's calendar year of trade shows has produced notable results in a challenging economy. Massachusetts Pavilions at 7 leading industry-focused overseas trade shows enabled 32 enterprises including seven regional and industry organizations to compete in the global economy. Massachusetts pavilions include information on State programs and facilities including those offered by the Massachusetts Technology Collaborative, MassPort and Massachusetts Development Finance Agency, Massachusetts at Medica (Dusseldorf) and the China Hi-Tech Fair (Shenzhen) reported record per-company sales; and access to new markets was opened at the Arab Health Trade Show in Dubai and the Hospitalar in Brazil. Projected first-year sales from these shows exceed \$18 million and support over

360 jobs in the Commonwealth. MITCI also actively recruits for upcoming year shows in the winter and spring tradeshow season including CeBIT, Arab Health and Energy

Foreign Direct Investment

MITCI's FDI projects have enabled significant economic growth for the Commonwealth by assisting foreign companies to access the U.S. market by establishing a job-creating presence in Massachusetts. Seven separate projects created 53 new jobs in the Commonwealth and represent \$6 million in private investment. The originating countries for the projects are: China, India, Norway, France, United Kingdom and Germany.

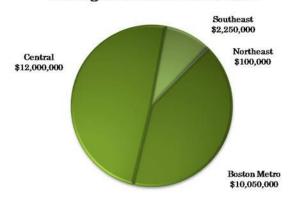
Protocol

Protocol and consular relations pertaining to trade and investment: MITCI maintains active relationships with the 54 Massachusetts based foreign consulates as well as receiving and hosting regular visits from embassies and consulates outside of Massachusetts. MITCI maintains the primary contact with over two dozen Sister-State or Memorandum of Understanding regions. In this reporting year there were over twenty official delegations from around the world with economic development and trade components.

MASSACHUSETTS OFFICE OF INTERNATIONAL TRADE &INVESTMENT

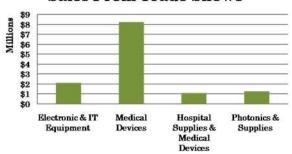
The FDI companies MOITI works with reported over \$24 million in Foreign Direct Investment in FY09.

Foreign Direct Investment

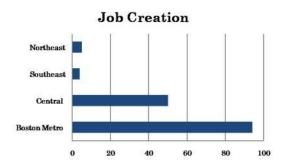


The 27 companies exhibiting in the MOITI pavilions at trade shows reported over \$12 million in sales.

Sales From Trade Shows



MOITI's programs assisted in the creation of 153 new jobs.



MASSACHUSETTS OFFICE OF TRAVEL AND TOURISM

The Massachusetts Office of Travel & Tourism (MOTT) is the state agency dedicated to promoting Massachusetts as a friendly, family-oriented destination set in the midst of rich historical and cultural tradition. MOTT's budget is derived from a portion of the state hotel room occupancy tax and is therefore responsible for encouraging overnight stays, as well as increasing tourismrelated spending and payroll. MOTT serves as a leader in the tourism industry, bringing together the public and private sectors to promote Massachusetts as a leisure destination.

Massachusetts as a leisu Economic Impact

In FY2009, Massachusetts hosted 15.6 million domestic visitors. In CY2008, there were 1.9 million international visitors; 1.3 million came from overseas and 635,000 from Canada. Direct spending by domestic and international visitors totaled \$15.6 billion in 2008. Visitor expenditures supported 128,800 jobs in 2008 and \$3.7 billion in wages and salaries.

Visitor expenditures generated \$962.7 million in Massachusetts state and local tax revenue in 2008. Each dollar spent by a visitor in 2008 generated 3.8 cents in state tax receipts and 2.3 cents in local taxes. State hotel room occupancy tax collections totaled \$160.9 million in FY2009.

Regional Tourism Councils

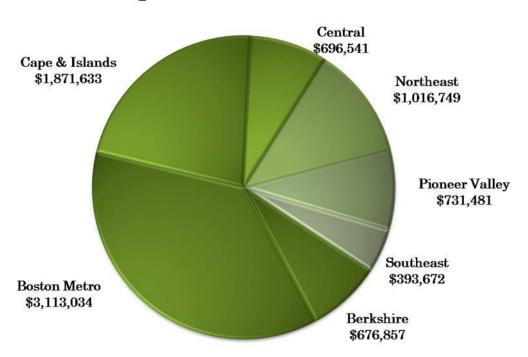
The state is divided into 13 regions; each is marketed by a Regional Tourism Council (RTC). The RTCs

develop regional advertising, public relations, brochures and other marketing initiatives. The RTCs are nonprofit, membership-based organizations. While MOTT markets the state as a whole, the RTCs focus on their specific areas of the state. The RTCs are an invaluable resource for attractions, accommodations and other tourism businesses. To help accomplish their regional marketing initiatives in FY09, the RTCs received \$8,500,000 in allocations through the state grant program.

MASSACHUSETTS OFFICE OF TRAVEL AND TOURISM

The Regional Tourism Grant Program funded 13 tourism councils and visitors bureaus, providing \$8.5 million in FY09.

Regional Tourism Grants



MASSACHUSETTS SMALL BUSINESS DEVELOPMENT NETWORK

Massachusetts Small Business Development Centers (MSBDC) provide one-to-one free comprehensive and confidential services focusing on, business growth and strategies, financing and loan assistance, and strategic analysis. The statewide program has three integrated product lines: Business Advisory Services, Government Contracting and International Trade/Export Services. Services are delivered through a statewide network of skilled professionals supported by a vast network of federal, state, educational and private sector partners. In addition, low cost educational training programs are offered across the state targeted to the needs of small business.

MSBDC is a partnership of the United States Small Business Administration, the Massachusetts Executive Office of Housing and Economic Development and a consortium of institutions of higher education led by the Isenberg School of Management at the University of Massachusetts/Amherst and includes Clark University, Salem State College, University of Massachusetts/Boston and University of Massachusetts/Dartmouth.

MSBDC's six regional business advisory centers, Mass Export/ International Trade Centers, and Procurement Technical Assistance Centers are designed to effectively service small businesses throughout the state. There is an MSBDC regional, specialty, or satellite office located within 30 minutes of any potential client.

Business Advisory Services Through six Regional Centers housed in

Pittsfield, Springfield, Worcester, Salem, Fall River and Boston full-time business advisors supported by the resources of academic institutions, provide business advising to small businesses. Feasibility studies and start up issues, business plan development, cash flow analysis, marketing and sales strategies, financial plan development, financing options and loan packaging, buy/sell and valuation assistance, technology and e-commerce assistance as well as assistance with equity business plans are among the wide array of assistance provided

Minority Business Center (MBC) The Minority Business Center provides services on a targeted basis to the minority community of Greater Boston. MBAC is sponsored by UMASS/Boston.

Training

MSBDC conducts seminars, workshops, courses, and conferences addressing a wide range of business issues. Many of these programs are co-sponsored with local chambers of commerce, colleges and universities, community development organizations, and trade associations.

MASSACHUSETTS SMALL BUSINESS DEVELOPMENT NETWORK

Massachusetts Export Center

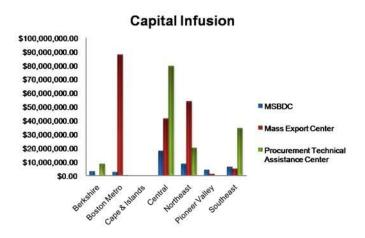
Through four centers located across the state in Boston, Holyoke, New Bedford and Worcester, the MSBDC's Massachusetts Export Center provides export counseling, technical assistance, international market research and promotion, as well as training to businesses. Expertise and guidance is provided in the areas of export market assessment and analysis, establishment of export market channels, international business development, export legal and regulatory compliance, export logistics and supply chain management, and global trade banking and finance. The program works collaboratively with the Mass Office of International Trade & Investment, MassDevelopment, the U.S. Department of Commerce and the U.S. Small Business Administration Office of International Trade.

Procurement Technical Assistance Center (PTAC)

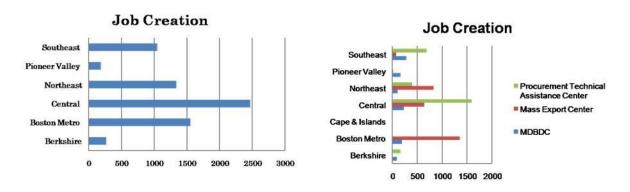
Client firms receive an understanding of contracting requirements and the knowhow to obtain and successfully perform federal, state and local government contracts. Small businesses headquartered in Massachusetts and in business for at least 1 year can subscribe to a free bid-matching service informing them of bidding opportunities (when electronically available) matching their specific product and/or service profiles. The PTAC provides a wide range of assistance - such as: guidance on initial registrations and small business certifications, researching procurement histories, small business matchmaking conferences, proposal guidance and review, contract performance issues and much more.

MASSACHUSETTS SMALL BUSINESS DEVELOPMENT NETWORK

Through the advisory services of the three centers of the SBDC, small businesses reported over \$221 million in new loans, contracts and increased international sales.



The SBDC assisted in the creation of 3,902 jobs through their services.



The three centers trained and provided 1:1 consultation to over 9,000 businesses and entrepreneurs.



WORKFORCE TRAINING GRANT FUND

The Workforce Training Fund Program (WTFP) is an incumbent worker training program that operates within the Division of Career Services, Department of Workforce Development and is under the umbrella of the Executive Office of Labor and Workforce Development. The Fund's mission provide the resources employers need to build and maintain a competitive workforce in the Commonwealth of Massachusetts

The Workforce Training Fund operates three different grant programs: General Program that provides matching grants for customized training; the Express Program that provide matching grants to small businesses (50 or fewer employees) to cover the tuition costs for pre-approved, off-the-shelf courses, and; the Hiring Incentive Training Grant Program that provides a grant of \$2,000 to cover the short-term training costs for newly hired unemployed workers.

The Workforce Training Fund was created by the Legislature in 1999 to increase the competitiveness of Massachusetts employers. The program is funded entirely by a surcharge on unemployment insurance, which generates approximately \$21 million annually. During fiscal year 2009 the workforce training funds appropriation was reduced by \$9 million through 9C cut. In Fiscal Year 2008, \$18,827 was awarded through 226 grants to train 21,804 workers that were still operational in 2009.

During Fiscal Year 2009, WTFP awarded \$9,026,192, through 163 grants to employers across the Commonwealth to train 18,143 workers.

